

**LINCOLN HEIGHTS INDUSTRIAL ZONE
BUSINESS IMPROVEMENT DISTRICT**

ATTACHMENT 1

**DISTRICT
ASSESSMENT ENGINEER'S
REPORT**

*Prepared by
Edward V. Henning,
California Registered Professional Engineer # 26549
Edward Henning & Associates*

December 21, 2010

DISTRICT ASSESSMENT ENGINEER'S REPORT

To Whom It May Concern:

I hereby certify to the best of my professional knowledge and experience that each of the identified benefiting properties located within the Lincoln Heights Industrial Zone Business Improvement District ("LHIZBID") being renewed and expanded will receive a special benefit over and above the benefits conferred on the public at large and that the amount of the proposed assessment is proportional to, and no greater than the benefits conferred on each respective property.

Prepared by Edward V. Henning, California Registered Professional Engineer # 26549



A handwritten signature of Edward V. Henning in black ink, written over a horizontal line.

RPE #26549

12-21-10

Edward V. Henning

Date

(NOT VALID WITHOUT CERTIFICATION SEAL AND SIGNATURE HERE)

Introduction

This report serves as the "detailed engineer's report" required by Section 4(b) of Article XIID of the California Constitution (Proposition 218) to support the benefit property assessments proposed to be levied within the LHIZBID in the City of Los Angeles, California being renewed and expanded for a ten (10) year period. The discussion and analysis contained within constitutes the required "nexus" of rationale between assessment amounts levied and special benefits derived by properties within the LHIZBID.

Background

The LHIZBID is a property-based benefit assessment district being renewed and expanded as a Landscaping, Security, Programming and Maintenance Property Business Improvement District (Alpha BID) under Division 6 of the Los Angeles Administrative Code, Chapter 9, Section 6.618. Due to the benefit assessment nature of assessments levied within an Alpha BID, district program costs are to be distributed amongst all identified benefiting properties based on the proportional amount of program benefit each property is expected to derive from the assessments collected. Within the Alpha BID statute, frequent references are made to the concept of relative "benefit" received from Alpha BID programs and activities versus amount of assessment paid. Only those properties expected to derive special benefits from Alpha BID funded programs and activities may be assessed and only in an amount proportional to the relative benefits expected to be received.

The method used to determine benefits derived by each identified property within an BID begins with the selection of a suitable and tangible basic benefit unit. For property related services, such as those proposed in the LHIZBID, the benefit unit may be measured in linear feet of primary street frontage or parcel size in square feet or building size in square feet or number of building floors or proximity to major corridors in average linear feet, or any combination of these factors. Quantity takeoffs for each parcel are then measured or otherwise ascertained. From these figures, the amount of benefit units to be assigned to each property can be calculated. Special circumstances such as unique geography, land uses, development constraints etc. are carefully reviewed relative to specific programs and improvements to be funded by the BID in order to determine any levels of diminished benefit which may apply on a parcel by parcel or categorical basis.

Based on the factors described above such as geography and nature of programs and activities proposed, an assessment formula is developed which is derived from a singular or composite basic benefit unit factor or factors. Within the assessment formula, different factors may be assigned different "weights" or percentage of values based on their relationship to programs/services to be funded.

Next, all program and activity costs, including incidental costs, district administration and ancillary program costs, are estimated. It is noted, as stipulated in Proposition 218, and now required of all property based assessment districts, indirect or general benefits may not be incorporated into the assessment formula and levied on the District properties; only direct or "special" benefits and costs may be considered. Indirect or general benefit costs, if any, must be identified and, if quantifiable, calculated and factored out of the assessment cost basis to produce a "net" cost figure. In addition, Proposition 218 no longer automatically exempts government owned property from being assessed and if special benefit is determined to be conferred upon such properties, they must be assessed in proportion to benefits conferred in a manner similar to privately owned property assessments.

From this, the value of a basic benefit unit or "basic net unit cost" can be computed by dividing the total amount of

estimated net program costs by the total number of benefit units. The amount of assessment for each parcel can be computed at this time by multiplying the Net Unit Cost times the number of Basic Benefit Units per parcel. This is known as "spreading the assessment" or the "assessment spread" in that all costs are allocated proportionally or "spread" amongst all properties within the BID.

The method and basis of spreading program costs varies from one BID to another based on local geographic conditions, types of programs and activities proposed, and size and development complexity of the District. BIDs may require secondary benefit zones to be identified to allow for a tiered assessment formula for variable or "stepped-down" benefits derived.

Supplemental Proposition 218 Procedures and Requirements

Proposition 218, approved by the voters of California in November of 1996, adds a supplemental array of procedures and requirements to be carried out prior to levying a property-based assessment like the LHIZBID. These requirements are in addition to requirements imposed by State and local assessment enabling laws. These requirements were "chaptered" into law as Article XIII D of the California Constitution.

Since Prop 218 provisions will affect all subsequent calculations to be made in the final assessment formula for the LHIZBID, Prop 218 requirements will be taken into account first. The key provisions of Prop 218 along with a description of how the LHIZBID complies with each of these provisions are delineated below.

(Note: All section references below pertain to Article XIII of the California Constitution):

Finding 1. From Section 4(a): "Identify all parcels which will have a special benefit conferred upon them and upon which an assessment will be imposed"

All of the "identified" individual parcels within the LHIZBID will derive special benefit from the District programs and activities. The benefits are special and unique only to the identified properties within the District because programs and services (i.e. sidewalk operations/beautification and administration/corporate operations/contingency/reserves) will only be provided directly for the identified properties. These identified benefiting parcels are shown on the Boundary Map within the Management District Plan and are listed as an attachment to the Plan and this report - identified by assessor parcel number. One benefit zone has been identified within the LHIZBID. Only commercially zoned parcels shall be assessed to fund special benefit services as outlined in the Management Plan which will benefit proportionately to the programs and services based on the levels of service and the corresponding cost estimates.

Boundary Description and Rationale

The boundaries of the renewed and expanded LHIZBID will remain identical to the previously City approved boundaries for the existing District, but will be expanded to the southwest to include the rectangular area bounded roughly by Avenue 26, Barranca Street, the Golden State Freeway and the connector to the Pasadena Freeway. The district is being expanded in an incremental way to incorporate the new residential developments that have been constructed over the past ten years. Since the Gold Line station has become a significant portal of entry for employees, resident and visitors to the district, its inclusion and the adjacent residential and remaining industrial properties up to the Golden State freeway provide a rational area for expansion of special benefit services to the renewed and expanded district.

From the original formation of the district in 2000, the BID was established primarily to confer special benefits to industrial and commercially zoned parcels. Single family residential units that are located on commercially zoned parcels may be used for multiple uses. These single family residential units which are on commercially zoned parcels will receive the same benefits as the other commercially zoned parcels since their need for services are relatively equal based upon the amount of frontage and lot size they have within the district. To the greatest extent possible, residentially zone parcels have been excluded since the residents do not have the same need for special benefit services.

The renewed and expanded BID will provide needed special benefit services to the individual parcels within the District. District properties will benefit from the system of special benefit services that will be provided to the renewed and expanded BID. The Golden State Freeway, Highway 110 and Pasadena Avenue serve as a natural and rational border to the older industrial parcels and new residentially developed parcels over the past ten years adjacent to the Lincoln Heights Gold Line station.

The boundaries of the LHIZBID will include identified parcels that will specifically benefit from the planned programs and services. It is the opinion of this Engineer that all land uses on identified parcels within the District - including industrial, commercial, ecumenical, public owned, residential (both single family and multi-family) will benefit from District programs and services.

Other than the expansion area described above, no other boundary modifications or parcel inclusions or exclusions are proposed and the same boundaries established in 2000 will remain intact. It is noted that the boundaries of the existing District are geographically irregular due primarily to inconsistent land use patterns varying from industrial to commercial to residential that have evolved over a long period of time. The boundaries generally exclude all residentially zoned parcels (which by State Law are presumed not to benefit from BID type programs and services) as well as most commercially zoned parcels with single family dwellings. There are also other non-residential land uses adjacent to the District that have never been included since the District's inception in 2000. It is pointed out that BID boundaries constitute a balance of logic, common needs, land use patterns, ability to be functionally managed and most importantly, adequate support of the assessed property owners as a direct result of Proposition 218 – "The Right

to Vote on Taxes". For those perimeter parcels that have been excluded since the District formation in 2000 and continue to be excluded in the renewed and expanded District, no direct or adjacent BID funded services or programs will be provided to them by the District. Any benefits that they might receive are indirect, indeterminable and immeasurable.

The new expanded boundaries, as proposed, are generally described as follows:

- **On the North**, commencing at the southern side of the Pasadena Freeway (110) at Pasadena Avenue (west side), (parcel 5205-004-010) then westerly along the south side of the Pasadena Freeway (110), following the Avenue 26 northbound onramp to the freeway to the parcel at the northwestern corner of the intersection of Avenue 26 and the Pasadena Freeway (110) (parcels # 5205-012-901 and # 5205-012-900). The pedestrian walkway right of way between parcels # 5205-003-008 and 5205-003-006 is not an assessable parcel. Its function is to transport children from the east side of Highway 110 to their school on the west side of Highway 110. The pedestrian walkway right of way has not been assessed since the District's initial formation in 2000.
- **On the West**, from the northwestern corner of the intersection of the Pasadena Freeway (110) and the Golden State Freeway (parcel 5205-012-901), then southerly along the east side of the Golden State freeway to parcel # 5205-013-009.
- **On the South**, commencing from the parcel at the northeastern corner of the intersection of the Golden State freeway and Barranca Street, (parcel # 5205 013 009 – for which services shall be provided on all sides of this residential parcel), then easterly along the north side of Barranca Street which includes the industrial properties on the north side, and excludes the single family residential homes which are residentially zoned on the south side of Barranca. The southern boundary then proceeds north along the middle of Avenue 26 including all of the parcels from Barranca to Humboldt Street, on the west side of Avenue 26 only. Continuing on easterly on both sides of Humboldt Street to the triangular parcel at the intersection of Barranca Street and Humboldt Street (parcel # 5205-015-015). The boundary on the south side of Humboldt from Avenue 26 to Avenue 33 is one parcel deep to only include the commercially zoned parcels on those blocks. The District stops at Humboldt since Humboldt Street represents the historic edge of the industrial zone district where the land uses were predominantly of an industrial or manufacturing nature. Parcels 5205-006-036, 037, 038, and 039 have been excluded from the renewed and expanded BID since they are zoned as single family residential parcels and will not receive any special benefit from the BID services.
- **On the East**, commencing at the parcels at the intersection of Humboldt Street, Barranca Street and Avenue 29 including parcels # 5205-015-015, 5205-017—028 and 015 and 5205-016-021 then northerly along the east side of Humboldt Street to Avenue 33, then easterly along the north side of Avenue 33 to Pasadena Avenue (parcel # 5205-005-043) then northerly along the west side of Pasadena Avenue from Avenue 33 up to the Pasadena Freeway (110), ending at parcel 5205-004-010. Only the west side of Pasadena Avenue is included

since those are the original boundaries of the current BID and the street acts as a demarcation of industrial land uses on the west side, versus predominantly single family residential land uses on individual parcels on the east side of Pasadena Avenue. The west side of Pasadena Avenue is the original boundary of the Industrial Zone BID, since it was determined in 2000, and reaffirmed during the renewal and expansion process. The boundaries of the renewed and expanded district have been reaffirmed to include only one side of Pasadena Avenue due to the fact that the individual parcels between Pasadena Avenue west to the Golden State freeway will be cleaned under a system of special benefit sidewalk cleaning services with rational boundaries that define the historic entry and exit to the Industrial zone parcels. The intent of the special benefit services for the "Industrial Zone" was in fact, to service the individual parcels in the blocks and sides of blocks that were, and are, predominantly industrial, manufacturing, distribution and commercial land uses.

Finding 2. From Section 4(a): "Separate general benefits (if any) from the special benefits conferred on parcel(s). Only special benefits are assessable. "

As stipulated by Proposition 218, assessment District programs and activities may confer a combination of general and special benefits to properties, but the only program benefits that can be assessed are those that provide special benefit to the identified properties. For the purposes of this analysis, a "general benefit" is hereby defined as: "A benefit to properties in the area and in the surrounding community or benefit to the public in general resulting from the improvement, activity, or service to be provided by the assessment levied". "Special benefit" as defined by the California State Constitution means a distinct benefit over and above general benefits conferred on real property located in the District or to the public at large.

In the case of the LHIZBID, the very nature of the purpose of this district is to fund supplemental programs, improvements and services within the BID boundaries above and beyond what is being currently funded either via normal tax supported methods or other funding sources. The LHIZBID programs and services will provide special benefits to identified commercially zoned assessed parcels in the following ways:

- 1) Clean and safe services shall provide regular sidewalk sweeping and gutter sweeping services for all commercially zoned properties in the district which will result in a better appearance for employees, property owners, business owners, residents and visitors alike;
- 2) Private security, if provided, will provide a greater sense of safety and will help reduce petty crime in the area including car prowls, graffiti, and petty vandalism.
- 3) Beautification efforts and decorations will create a sense of identity and help in the promotion of the area to increase residential tenancies, commercial, retail and industrial occupancies and portray a much more vibrant and successful industrial neighborhood;

More specifically the proposed programs and services include the following:

The following category of special benefit services shall only be provided to identified commercially zoned assessed parcels within the district:

SIDEWALK OPERATIONS AND BEAUTIFICATION: \$55,160 (75%)

Examples of these special benefit services include, but are not limited to the following:

- Private security services; (if needed);
- Regular sidewalk and gutter sweeping
- Enhanced landscaping
- Enhanced trash emptying
- Graffiti removal, within 24 hours as necessary
- Equipment, supplies, tools, Vehicle maintenance and insurance, storage and equipment rental location, general liability insurance
- Maintenance personnel and supervisor oversight costs

Each of these programs and activities work together to create an improved physical environment within the district that is more conducive to strengthening the current and future economic vitality of this mixed use area through image enhancement and the attraction and retention of new business, increased commerce, and in the case of residents, enhanced livability. The programs, improvements and services are designed to specifically benefit the assessed properties within the BID boundaries. It is a proven point that clean and safe and beautification programs and improvements such as the ones to be provided within this District directly improve the economic investment strength and vitality of properties and businesses within BIDs throughout the State. The proposed BID assessments will only be levied on properties within the BID boundaries that specially benefit from BID services, improvements and activities. Assessment revenues will be spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties. Inasmuch as no services will be provided beyond the BID boundaries to the surrounding communities or to the public in general, any general benefits are unintentional. It is hereby determined that general benefits, if any, are not quantifiable, measurable, or tangible

The following category of special benefit services shall only be provided to identified commercially zoned assessed parcels within the district:

ADMINISTRATION/CORPORATE OPERATIONS/ CONTINGENCY/CITY FEES/RESERVE: \$18,415 (25%)

Examples of these special benefit services include, but are not limited to the following:

- Staff and administrative costs
- Directors and Officers Insurance
- Office related expenses

- Financial reporting
- Legal and accounting
- Management District Plan renewal
- Delinquencies
- City Fees
- Reserves

Each of these ancillary and support programs and activities are needed for the proper administration of BID services and programs. These programs and services are designed to specifically benefit the assessed properties within the BID boundaries. The corresponding BID assessments will only be levied on properties within the BID boundaries that specially benefit from BID services, improvements and activities. Assessment revenues will be spent to deliver services that provide a direct and special benefit to assessed parcels and to improve the economic vitality of these properties. Inasmuch as no services will be provided beyond the BID boundaries to the surrounding communities or to the public in general, any general benefits are unintentional. It is hereby determined that general benefits, if any, are not quantifiable, measurable, or tangible

Cap:

An annual Cost of Living Adjustment may be approved by the Board of Directors of the Owner's Association. The management corporation shall have the option to increase the annual assessment rates based upon the Los Angeles County Consumer Price Index, or an amount not to exceed 5% (five per cent) per year.

Frequency of Services

The primary special benefit services being funded by this renewed and expanded district will benefit all identified individual parcels, regardless of their land use, in the same proportionate manner. There will be an equitable distribution of services based upon frequency and type of special benefit service for all parcels, regardless of whether they are industrial, manufacturing, residential, ecumenical or public. These services will include equal frequency of sidewalk sweeping, graffiti removal, trash can emptying, and minor landscaping and beautification programs which will be distributed five days per week throughout the renewed and expanded district.

Ten Year Operating Budget:

A projected ten-year operating budget for the LHIZBID is shown below. Assessments will be subject to changes in the Los Angeles County Consumer Price Index (CPI), or an amount not to exceed 5% (five percent) per year.

TEN YEAR BUDGET PROJECTION

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sidewalk Operations, Beautification	\$55,160.00	\$57,918.00	\$60,813.90	\$63,854.60	\$67,047.32	\$70,399.69	\$73,919.68	\$77,615.66	\$81,496.44	\$85,571.26
Administration/ Corporate Operations, Contingency/Reserve	\$18,415.00	\$19,335.75	\$20,302.54	\$21,317.66	\$22,383.55	\$23,502.72	\$24,677.86	\$25,911.75	\$27,207.34	\$28,567.71
Total	\$73,575.00	\$77,253.75	\$81,116.44	\$85,172.26	\$89,430.87	\$93,902.42	\$98,597.54	\$103,527.41	\$108,703.78	\$114,138.97

Finding 3. From Section 4(a): “(Determine) the proportionate special benefit derived by each parcel in relationship to the entirety of the.....cost of public improvement(s) or the maintenance and operation expenses.....or the cost of the property related service being provided.

The proportionate special benefit cost for each parcel is listed in Appendix A attached hereto. The individual percentages (i.e. proportionate relationship to the total special benefit related program and activity costs) would be computed by dividing the individual parcel assessment by the total special benefit program costs.

Finding 4. From Section 4(a): “No assessment shall be imposed on any parcel which exceeds the reasonable cost of the proportional special benefit conferred on that parcel.”

Not only are the proposed program costs reasonable due to the benefit of group purchasing and contracting which would be possible through the LHIZBID, they are also considerably less than other options considered by the LHIZBID steering committee. The actual assessment rates for each identified parcel within the BID directly relate to the respective numerics for each identified parcel (i.e. street frontage and land area)

Finding 5. From Section 4(a): “Parcels.....that are owned or used by any (public) agency shall not be exempt from assessment.....”

Identified parcels owned by government agencies will receive benefits, commensurate with the assessments paid into the LHIZBID and would, in the opinion of this Engineer, benefit equally to the privately owned identified parcels. Any such property is physically and geographically integral to the culture and commerce of this business neighborhood. There is no conclusive evidence that these parcels would not receive special benefit from the programs, services and improvements to be funded by District assessments. It is assumed that government entities will pay assessments for any public property within the boundaries of the District. Article XIII D, Sec 4 of the California Constitution was added in November of 1996

to provide for these assessments.

APN	Legal Owner		Site Address	Assessment	Percent
5205 002 901	L A City		*no Site Address*	\$1,074.90	1.46%
5205 002 902	L A City		*no Site Address*	\$3,286.96	4.47%
5205 003 901	L A City		*no Site Address*	\$1,914.66	2.60%
5205 012 900	L A City		*no Site Address*	\$889.00	1.21%
5205 012 901	L A City		*no Site Address*	\$461.06	0.63%
			Total	\$7,626.58	10.37%
5205 009 900	L A City Dept Of Water & Power	301	W Avenue 26	\$4,199.08	5.71%
5205 009 901	L A City Dept Of Water & Power		*no Site Address*	\$717.84	.98%
5205 010 900	L A City Dept Of Water & Power		*no Site Address*	\$2,757.02	3.75%
5205 010 901	L A City Dept Of Water & Power	2665	Artesian St	\$1,410.96	1.92%
5205 010 902	L A City Dept Of Water & Power		*no Site Address*	\$535.50	0.73%
5205 010 903	L A City Dept Of Water & Power	2633	Artesian St	\$198.00	0.27%
5205 010 904	L A City Dept Of Water & Power		*no Site Address*	\$198.00	0.27%
5205 010 905	L A City Dept Of Water & Power	2633	Artesian St	\$198.00	0.27%
5205 010 906	L A City Dept Of Water & Power		*no Site Address*	\$1,533.50	2.08%
			Total	\$11,747.90	15.97%

Finding 6. From Section 4(b): “All assessments must be supported by a detailed engineer’s report prepared by a registered professional engineer certified by the State of California”.

This report serves as the “detailed engineer’s report” to support the benefit property assessments proposed to be levied within the LHIZBID.

Finding 7. From Section 4(c): “The amount of the proposed assessment for each parcel shall be calculated (along with) the total amount thereof chargeable to the entire district, the duration of such payments, the reason for such assessment and the basis upon which the amount of the proposed assessment was calculated.”

The individual and total parcel assessments attributable to special property benefits are shown on Appendix A to the Management District Plan. The District and resultant assessment payments will continue for ten years and may be renewed again at that time. The reasons (purposes) for the proposed assessments are outlined in Finding 2 above as well as in the Management District Plan. The calculation basis of the proposed assessment is attributed to the specific amount of street frontage and land area. There is one (1) Benefit Zone identified.

Assessment Formula Methodology

Step 1. Select “Basic Benefit Unit(s)”

BID assessment formulas typically are based on either property street frontage or parcel and building size or location, all which relate to the amount of special benefit conferred on a particular parcel and the proportionate assessment to be paid. The formula may base assessments on a single factor or a combination of factors.

The specific nature of the program activities to be funded by the LHIZBID (i.e. street operations/beautification and administration/corporate operations/contingency/reserves) relate directly to the proportionate amount of street frontage and land area.

The “Basic Benefit Units” will be expressed as a function of street frontage (Benefit Unit “A”) and land area (Benefit Unit “B”). Based on the shape of the LHIZBID, as well as the nature of the District program elements, it is determined that all identified properties will gain a direct and proportionate degree of benefit based either on the respective amount of street frontage, and land area within a single benefit zone.

The interactive application of street frontage and land area quantities are a proven method of fairly and equitably spreading special benefit costs to the beneficiaries of BID funded services, programs and improvements. Each of these factors directly relates to the degree of benefit each identified parcel will receive from BID funded activities.

Street Frontage is a direct measure of the static utilization of each identified parcel and its corresponding impact or draw on BID funded activities. Typically, street frontage would be weighted as the primary assessment factor for the maintenance and beautification type services to be provided by the BID. However, the identified parcel frontages in the District are disproportionate to the size of many parcels due to decades of unusual subdivisions and remainders from large right of way captures for freeway and railroad development. Using this geographic observation, in the opinion of this Assessment Engineer, the targeted weight of this factor, street frontage, should only generate 25% of the total BID revenue.

Land Area is a direct measure of the current and future development capacity of each identified parcel and its corresponding impact or draw on BID funded activities. In the case of this District, parcel size tend to be a more realistic parameter to gauge benefit draw rather than street frontage, and thus, in the opinion of this Assessment Engineer, the targeted weight of this factor, land area, should generate 75% of the total BID revenue.

Residential Condominiums

Residential development in the form of condominiums has occurred over the past 10 years as part of the revitalization master plan for this unique area. These units benefit from the enhanced image of the maintenance and beautification

services provided by the BID in that better maintained neighborhoods tend to be safer neighborhoods which improves the livability and marketability of the condominium units. Because most of the condo units are essentially the same size, the basis of assessment of each unit is an equal proportionate share of the total assessment of the development site which is based on the site's total street frontage and total land area.

Step 2. Quantify Total Basic Benefit Units

Taking into account all identified benefiting properties, the respective assessable benefit units are listed below:

	<i>Frontage Total (UNIT A)</i>	<i>Land Area Total (UNIT B)</i>
	18,415 LF	2,758,031 SF

The revenue generated by benefit unit is as follows:

<i>Frontage Total (UNIT A)</i>	<i>Land Area Total (UNIT B)</i>	<i>Total</i>
\$18,415	\$55,160	\$73,575

Step 3. Calculate Benefit Units for Each Property.

The number of Benefit Units for each identified benefiting parcel within the LHIZBID was computed from data extracted from County of Los Angeles Assessor records and maps. This data source delineates current land uses, property areas and dimensions of record for each tax parcel. While it is understood that this data does not represent legal field survey measurements or detailed title search of recorded land subdivision maps or building records, it does provide an acceptable basis for the purpose of calculating property based assessments. All respective property data being used for assessment computations will be provided to each property owner in the BID for their review. All known or reported discrepancies, errors or misinformation either have or will be corrected.

Step 4. Determine Assessment Formula

The LHIZBID assessment is to be based on two Basic Benefit Unit factors: street frontage (Benefit Unit "A"), and land area (Benefit Unit "B").

Assessment Formula = Benefit Unit "A" Rate x Benefit Unit "A" +
Benefit Unit "B" Rate x Benefit Unit "B"

Assessment Formula Rates:

(Benefit Unit "A") = $\$73,575.00 \times 25\% / 18,415 \text{ units} = \$1.00/\text{unit}$

(Benefit Unit "B") = $\$73,563.00 \times 75\% / 2,758,031 \text{ units} = \$0.02/\text{unit}$

Step 5. Estimate Total District Costs

The total District costs are shown below.

Total 2011 District Costs

PROGRAM OR ACTIVITY	APPROXIMATE% OF 2011 ANNUAL BUDGET	ESTIMATED ANNUAL COSTS (2011)
Sidewalk Operations/Beautification (Security, sidewalk cleaning, beautification)	75%	\$ 55,160
Administration/Corporate Operations/Contingency/Fees/Reserves	25%	\$ 18,415
TOTAL	100%	\$ 73,575

Step 6. Separate General Benefits from Special Benefits and Related Costs (Prop 218)

All general benefits (if any) are intangible and unquantifiable. All benefits derived from the assessments outlined in the District Management Plan are for services directly benefiting identified parcels within this area and support enhanced image and safety. All maintenance, security, beautification and administration services are provided solely to properties within the district to enhance the image and safety of the properties within the LHIZBID. All identified properties and uses within the District, including private, public, residential, industrial, commercial and ecumenical, benefit from the maintenance and beautification and management services in proportion to their respective assessed property characteristics. No services are delivered outside the boundaries. Any potential spill over effect is unquantifiable. Total District revenues are shown below.

Total 2011 District Revenues

Funding Source	Subtotal Revenue	% of Total
BID Assessments	\$ 73,575	100%
TOTAL DISTRICT REVENUE	\$ 73,575	100%

Step 7. Calculate "Basic Unit Cost"

With a 2011 budget of \$ 73,575 (special benefit only), the Basic Unit Costs ("A" and "B") are shown above in Step 4. Since the renewed and expanded LHIZBID is planned for a ten year term, maximum assessments for future years (2012-2020) must be set at the inception of the renewal period. An annual inflationary CPI based rate increase of up to 5% may be imposed for 2012-2020, on approval by the BID Property Owner's Association. The maximum annual rates for 2012-2020 are as follows:

2011-2020 Maximum Assessment Rates (5% max annual increase)

Projected Assessment	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Street Frontage	\$1.0000	\$1.0500	\$1.1025	\$1.1576	\$1.2155	\$1.2763	\$1.3401	\$1.4071	\$1.4775	\$1.5513
Land Area	\$0.0200	\$0.0210	\$0.0221	\$0.0232	\$0.0243	\$0.0255	\$0.0268	\$0.0281	\$0.0295	\$0.0310

Step 8. Spread the Assessments

The resultant assessment spread calculations for each parcel within the BID are shown in Appendix A attached hereto and were determined by applying the District assessment formula to each identified benefiting property.

APPENDIX A

2011 ASSESSMENT ROLL

APN	2011 ASSM'T	APN	2011 ASSM'T	APN	2011 ASSM'T
5205 002 901	\$1,074.90	5205 006 059	\$4,305.86	5205 012 028	\$16.70
5205 002 902	\$3,286.96	5205 009 003	\$2,553.20	5205 012 029	\$16.70
5205 003 006	\$3,088.00	5205 009 900	\$4,199.08	5205 012 030	\$16.70
5205 003 008	\$2,767.18	5205 009 901	\$717.84	5205 012 031	\$16.70
5205 003 901	\$1,914.66	5205 010 002	\$791.54	5205 012 032	\$16.70
5205 004 003	\$916.98	5205 010 009	\$123.78	5205 012 033	\$16.70
5205 004 005	\$135.82	5205 010 010	\$78.26	5205 012 034	\$16.70
5205 004 007	\$754.28	5205 010 900	\$2,757.02	5205 012 036	\$16.70
5205 004 010	\$2,537.00	5205 010 901	\$1,410.96	5205 012 037	\$16.70
5205 004 011	\$2,196.60	5205 010 902	\$535.50	5205 012 038	\$16.70
5205 005 005	\$176.58	5205 010 903	\$198.00	5205 012 039	\$16.70
5205 005 006	\$101.88	5205 010 904	\$198.00	5205 012 040	\$16.70
5205 005 007	\$93.52	5205 010 905	\$198.00	5205 012 041	\$16.70
5205 005 008	\$172.60	5205 010 906	\$1,533.50	5205 012 042	\$16.70
5205 005 009	\$135.82	5205 011 003	\$657.10	5205 012 043	\$16.70
5205 005 010	\$135.82	5205 011 005	\$1,470.80	5205 012 044	\$16.70
5205 005 011	\$135.82	5205 011 006	\$324.36	5205 012 045	\$16.70
5205 005 012	\$135.82	5205 011 008	\$1,018.92	5205 012 046	\$16.70
5205 005 013	\$135.82	5205 011 009	\$202.90	5205 012 047	\$16.70
5205 005 014	\$135.82	5205 011 012	\$2,389.10	5205 012 048	\$16.70
5205 005 021	\$135.82	5205 012 007	\$1,795.52	5205 012 049	\$16.70
5205 005 022	\$104.10	5205 012 008	\$2,252.04	5205 012 050	\$16.70
5205 005 023	\$91.46	5205 012 010	\$16.70	5205 012 051	\$16.70
5205 005 024	\$203.74	5205 012 011	\$16.70	5205 012 052	\$16.70
5205 005 025	\$135.82	5205 012 012	\$16.70	5205 012 053	\$16.70
5205 005 026	\$135.82	5205 012 013	\$16.70	5205 012 054	\$16.70
5205 005 027	\$135.82	5205 012 014	\$16.70	5205 012 055	\$16.70
5205 005 028	\$135.82	5205 012 015	\$16.70	5205 012 056	\$16.70
5205 005 035	\$135.82	5205 012 016	\$16.70	5205 012 057	\$16.70
5205 005 040	\$408.36	5205 012 017	\$16.70	5205 012 058	\$16.70
5205 005 043	\$781.30	5205 012 018	\$16.70	5205 012 059	\$16.70
5205 005 044	\$107.08	5205 012 019	\$16.70	5205 012 060	\$16.70
5205 005 045	\$80.78	5205 012 020	\$16.70	5205 012 061	\$16.70
5205 005 046	\$272.00	5205 012 021	\$16.70	5205 012 062	\$16.70
5205 005 048	\$135.90	5205 012 022	\$16.70	5205 012 063	\$16.70
5205 005 049	\$952.00	5205 012 023	\$16.70	5205 012 064	\$16.70
5205 006 012	\$233.84	5205 012 024	\$16.70	5205 012 065	\$16.70
5205 006 029	\$163.10	5205 012 025	\$16.70	5205 012 066	\$16.70
5205 006 030	\$120.10	5205 012 026	\$16.70	5205 012 067	\$16.70
5205 006 053	\$4,587.48	5205 012 027	\$16.70	5205 012 068	\$16.70

5205 012 069	\$16.70
5205 012 070	\$16.70
5205 012 071	\$16.70
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5205 012 172	\$16.70
5205 012 173	\$16.70
5205 012 174	\$16.70
5205 012 175	\$16.70
5205 012 176	\$16.70
5205 012 900	\$889.00
5205 012 901	\$461.06
5205 012 904	\$16.70
5205 012 905	\$16.70
5205 013 009	\$3,190.16
5205 014 001	\$292.96
5205 014 002	\$169.90
5205 014 013	\$356.00
5205 014 014	\$167.80
5205 014 015	\$171.50
5205 014 016	\$292.50
5205 014 017	\$509.70
5205 014 018	\$1,633.00
5205 014 019	\$156.90
5205 014 020	\$156.90
5205 015 012	\$600.40
5205 015 014	\$378.00
5205 015 015	\$772.56
5205 015 016	\$349.92
5205 016 021	\$542.34
5205 017 015	\$466.16
5205 017 028	\$430.64
Total	= \$73,575.00

MAP OF PROPOSED DISTRICT

(See Management Plan for Descriptions of Assessments and Services)

Lincoln Heights Industrial Zone Business Improvement District

